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CURRENT SUPPORT BRIEF

CEMA PRESSES FOR ENHANCED STATUS AND FURTHER ECONOMIC COORDINATION

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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Official statements following the 12th plenary session of the Soviet Bloc Council for Mutual Economic Assistance (CEMA) from 10-14 December in Sofia, Bulgaria, indicate not only further efforts to increase economic specialization and coordination but also a belief that these efforts can be promoted more effectively--in view of the formalization of West European economic cooperation--if CEMA can acquire more formal legal status within and outside the Bloc. This CEMA session approved, subject to ratification by the member states (the USSR and the European Satellites), a "charter" and a convention of legal capacity and privileges and immunities of the Council." 1/

The two documents evidently are aimed at endowing CEMA with an international status thus far not accorded to it by the UN or Western countries. The head of the Polish delegation to the session even declared that the registration of the CEMA statute with the UN would "end...the presumptions...about the allegedly supranational character of this organization" 2/ (and, by implication, the charge that CEMA is an instrument of Soviet policy). Provision in the charter is made for the admission to CEMA membership of other European countries subscribing to its aims, which are said to include not only "international socialist division of labor and mutual cooperation" but also (in keeping with the current Soviet line) "peaceful coexistence and world peace." It has been suggested that this, in part, is an unofficial tender to such countries as Yugoslavia and Finland, but it more likely is merely a propaganda flourish, a restatement of earlier claims of open international status, with greater emphasis this time.

The details of CEMA's new statute were not revealed, but it probably is quite extensive, embodying not only resolutions as to basic tasks but also working procedures, the mission of the industrial and other standing commissions, and perhaps more precise means for enforcement of CEMA agreements on industrial specialization and other matters. It is not likely, however, that a unified view was developed favoring a sweeping extension of the authority of CEMA commissions. Polish spokesmen, for example, have indicated earlier in 1959 their opposition to the suggestion that the Foreign Trade Commission should be given broad powers to coordinate closely the foreign trade of CEMA countries, even to the extent of revising existing bilateral agreements.

As for Bloc economic coordination, the communique stated generally that the session "discussed reports presented by the standing commissions and endorsed proposals on matters of economic relations...following from the long-term plans of economic development for the period ending in 1965." The implication of this statement and supplementary remarks by the Polish and Czechoslovak leaders is that the recommendations do not provide for a comprehensive intermeshing of national development plans for 1961-65. Some aspects of draft plans for this period have been presented and discussed during the past year on a piecemeal basis, primarily at the level of the industrial commissions. These discussions have focused especially on problems of increasing the output and improving the exchange and use of basic industrial fuels and materials and some types of machinery and equipment.

Agreements were reached earlier in 1959 on some specialization in rolled products, chemical equipment and others, and on the construction of oil pipelines from the USSR and on the creation of electric

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power networks. 3/ Then in December the 12th plenum adopted recommendations "on the further specialization of production of the most important kinds of machinery and equipment for the sugar, oil-refining, and paper industries." This plenum also adopted proposals for technological improvement and increased output in ferrous and nonferrous metallurgy and in agriculture, especially wool, vegetable oil, and fruits and vegetables. Moreover, unspecified recommendations for improvements in transportation were adopted. Concern over the need for improving the utilization of railroad rolling stock, the merchant marine, and port facilities is reflected in the unusual presence at the session of country ministers for these sectors.

The foregoing CEMA proposals relate mainly to investment and production planning for the long-range future, and their effect will probably not be very appreciable at this time. Their potential impact by 1965, although not now measurable, may be quite significant. CEMA activity during the past several years, although modest, does seem to have produced some results, for example, in trade. In 1959, intra-Bloc trade appeared to be rising somewhat faster than trade between east and west Europe, a trend which may be partly attributed to CEMA efforts. Moreover, agreements on specialization in machinery and equipment--probably the most promising sector for specialization--in the several years to date seem to have contributed to the increasing role of this sector in the intra-Bloc trade of at least the major European Satellites. 4/

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Analyst: [REDACTED] 25X1A

Coord : [REDACTED]

Sources:

1. [REDACTED]

2. Ibid., 18 Dec 59, p. GG 25. OUO

3. CIA. RR 59-32, Aug 59. S.

4. UN. Economic Bulletin for Europe, Vol. 11, No. 3, Nov 59,
p.45. U.

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